

REFERENCE TITLE: estate; generation skipping taxes; repeal

State of Arizona  
Senate  
Forty-seventh Legislature  
Second Regular Session  
2006

# **SB 1170**

Introduced by  
Senators Martin, Blendu

## AN ACT

AMENDING SECTIONS 29-857 AND 42-1107, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 4, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1332, ARIZONA REVISED STATUTES; RELATING TO ESTATE AND GENERATION SKIPPING TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 29-857, Arizona Revised Statutes, is amended to  
3 read:

4           29-857. Taxation

5       A limited liability company established under this chapter or a foreign  
6 limited liability company transacting business in this state pursuant to this  
7 chapter shall pay the taxes that are imposed by the laws of this state or any  
8 political subdivision of this state on domestic and foreign limited  
9 partnerships on an identical basis, except that, for purposes of ~~title 42,~~  
10 ~~chapter 4 and~~ title 43, a domestic or foreign limited liability company and  
11 its members shall be taxed as if the limited liability company is either a  
12 partnership or a corporation or is disregarded as an entity as determined  
13 pursuant to the internal revenue code as defined in section 43-105.

14      Sec. 2. Section 42-1107, Arizona Revised Statutes, is amended to read:  
15           42-1107. Extension of time for filing returns

16       A. The department may, pursuant to administrative rule, grant an  
17 automatic extension of time for filing an income tax return under title 43 if  
18 at least ninety per cent of the tax liability disclosed by the taxpayer's  
19 return for the reporting period is paid and if the request for extension is  
20 received or mailed on or before the date the return is otherwise due to be  
21 filed. If at least ninety per cent of the tax liability disclosed by the  
22 taxpayer's return for the reporting period has not been paid at the time of  
23 filing for the extension, the taxpayer is subject to a penalty of one-half of  
24 one per cent of the tax not paid for each thirty day period or fraction of a  
25 thirty day period elapsing between the date the return is otherwise due to be  
26 filed and the date the tax is paid, not to exceed a total of twenty-five per  
27 cent. If a taxpayer is subject to both of the penalties prescribed under  
28 this section and section 42-1125, the maximum combined penalty that may be  
29 imposed on the taxpayer under both sections shall not exceed twenty-five per  
30 cent of the tax found to be remaining due. If in its judgment good cause  
31 exists, the department may grant a further extension or extensions of time  
32 for filing the return pursuant to administrative rule. No extension or  
33 extensions granted under this subsection may aggregate more than six months  
34 from the due date provided for the filing of returns.

35       B. If the taxpayer has been granted an extension or extensions of time  
36 within which to file a federal income tax return for any taxable year, the  
37 taxpayer is deemed to have been granted the same extension of time for filing  
38 the Arizona income tax return if the taxpayer has paid at least ninety per  
39 cent of the tax liability disclosed by the taxpayer's return for the  
40 reporting period. If at the time the taxpayer has been granted a federal  
41 extension or extensions the taxpayer is required to make the payment of at  
42 least ninety per cent under this section, the payment shall be in a manner  
43 prescribed by the department.

44       C. ~~If a personal representative of an estate has obtained an extension  
45 of time for filing a federal estate tax return, the filing required by~~

1 ~~section 42-4002 shall be similarly extended until the end of the time period~~  
2 ~~granted in the extension of time for filing the federal estate tax~~  
3 ~~return. On obtaining the extension of time for filing the federal estate tax~~  
4 ~~return the personal representative shall provide the department with a true~~  
5 ~~copy of the instrument providing for the extension.~~

6 ~~D.~~ C. The department, for good cause, may grant a reasonable  
7 extension of time for filing an Arizona estate tax return. ~~The extension~~  
8 ~~granted under this subsection shall not be for more than six months from the~~  
9 ~~date for filing the return provided by section 42-4002.~~ A request for  
10 extension shall be in a form prescribed by the department.

11 E. D. The department, for good cause, may extend the time for making  
12 any other return required by chapter 5, articles 1, 4 and 5 of this title,  
13 and may grant such reasonable additional time in which to make the return as  
14 it deems proper, but the time for filing the return shall not be extended  
15 beyond the first day of the third month next succeeding the regular due date  
16 of the return.

17 Sec. 3. Repeal

18 Title 42, chapter 4, Arizona Revised Statutes, is repealed.

19 Sec. 4. Section 43-1332, Arizona Revised Statutes, is amended to read:  
20 43-1332. Subtractions from Arizona gross income; estates and  
21 trusts

22 In computing Arizona taxable income of an estate or trust, the  
23 following shall be subtracted from Arizona gross income:

24 1. The estate or trust's share of the fiduciary adjustment to the  
25 extent that the amount determined pursuant to section 43-1333 decreases the  
26 estate or trust's Arizona gross income.

27 2. In the case of a trust that is established as a medical savings  
28 account pursuant to section 43-1028, income earned by the trust during the  
29 taxable year to the extent the income is included in the trust's Arizona  
30 gross income.

31 3. IN THE CASE OF AN ESTATE, THE AMOUNT OF FEDERAL ESTATE TAXES PAID  
32 IN THE CURRENT TAXABLE YEAR.